GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2043
ANSWERED ON:30.11.2007
SEALING OF DEMAT ACCOUNTS
Masood Shri Rasheed

Will the Minister of FINANCE be pleased to state:

(a) the number of demat accounts sealed by NSDL and CDSL under the policy formulated by the SEBI;

(b) whether the ban on some financial institutions to open new demat accounts has been lifted by SEBI;

(c) if so, the details thereof; and

(d) the steps taken by the Union Government to prevent a few individuals from cornering shares earmarked for retail investors during IPOs?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): A total of 22, 21,660 demat accounts remain frozen with Depositories as on November 15, 2007.

(b) & (c): Yes, Sir. Pursuant to post decisional hearings, the ban against some of the financial institutions from opening fresh demat accounts has been lifted by SEBI subject to the outcome of pending enforcement proceedings.

(d): Various measures have been taken by Government and SEBI. These include:

i. The depositories have put in place a system including the necessary software to identify multiple accounts.

ii. The depositories to activate the International Security Identification Numbers only on the date of commencement of trading on the stock exchanges in case of IPOs;

iii. PAN has been made mandatory for all participants transacting in the securities markets.